

Chapter 3

“Marketplace Directions”

Chapter Objectives

- Understand the convergence of business and technology
- Learn the four unstoppable drivers
- Learn the On Demand Business responses to the unstoppable drivers

The Convergence of Business and Technology

- A rapidly changing and challenging business environment
 - Companies are facing enormous volatility.
 - There continues to be cost pressure across every industry.
 - “Do more with less”
 - It’s clear that leaders in all industries will strive to use productivity as a primary driver of a sustained competitive advantage.
- The emergence of technologies that will enable new business designs and innovative methods of differentiation
 - Technology is increasing productivity by “doing more with less”.
 - Emergence of technologies allows companies to support their business operations in ways that were never imagined
 - The convergence of business and technology creates the opportunity to drive both innovation and productivity, without sacrificing either. This convergence has enabled the emergence of On Demand Business.



**Deeper Integration of
IT with Business**

**Emergence of
on demand business**

**Accelerating Advances
in Technology**



The Four Unstoppable Drivers

- **Continuous Change**
 - The change in customer demands, technological innovations, and government regulations is increasingly sudden and dramatic.
- **Rigorous Competition**
 - Due to increasingly transparent markets, competitive intensity is growing in severity as existing players and new entrants scramble to provide value to customers.
- **Unrelenting Financial Pressures**
 - The growth and predictability of revenues and margins becomes even more challenging due to economic uncertainties and demanding investors.
- **Unpredictable Threats**
 - Pervasive dangers become real and prevalent as global firms see increased exposure to natural disasters, unstable geopolitics, and other market shocks.

The On Demand Business Response

- **Responsive:**
 - Seeming almost intuitive in its ability to sense and respond rapidly to unpredictable changes in the market environment and the needs of all its constituents.
- **Focused**
 - Committed to concentrating on differentiating competencies, using tightly integrated strategic partners to manage selected non-differentiating activities.
- **Variable**
 - Able to adapt cost structures and business processes flexibly, in order to reduce risk and to do business at higher levels of productivity, cost control, capital efficiency, and financial predictability.
- **Resilient**
 - Prepared for changes and threats enabling the business to continue operating with consistent availability, security, and privacy.

On Demand Business Industry Examples

- **Electronics**
 - LAM Research Corporation: wanted to create virtual and variabilized operations that allowed them to focus on their differentiating activities to invest more in activities that drive value.
- **Banking**
 - Viewpointe Archive Services: wanted to shift its business to pay-as-you-go model and sought a technology partner to underpin its business which was capable of delivering a reliable and secure check imaging service.
- **Consumer Products**
 - McCormick: needed to integrate its core systems to enhance its operational resiliency and become more responsive to clients.
- **Retail**
 - Mikasa: wanted to integrate its online store with back-end systems to make search and purchase functions more efficient and reliable.

What You Have Learned

- How business and technology are converging
- The four unstoppable drivers
- The On Demand Business responses to the unstoppable drivers